

Message Text

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SUBJECT: BOARD OF TRADE OF METRO TORONTO'S SEMINAR ON THE BUSINESS
OUTLOOK FOR 1977

THE TORONTO STAR OF 15 DECEMBER HAS TWO ARTICLES COVERING THE JUST COMPLETED SEMINAR ON BUSINESS OUTLOOK FOR 1977 HELD BY THE BOARD OF TRADE OF TORONTO. AN ECONOMIST FROM THE BANK OF NOVA SCOTIA IS QUOTED AS SAYING THAT "CANADA'S ECONOMIC PROSPECTS FOR NEXT YEAR ARE MAINLY DEPENDENT ON RECOVERY IN THE U.S." AND THAT HE EXPECTS ONLY "GRADUAL IMPROVEMENT" IN THE ECONOMIES OF BOTH COUNTRIES. THE ELECTION IN QUEBEC IS CITED AS ACCENTUATING UNCERTAINTIES FOR THE COMING YEAR. JUDITH MAXWELL, DIRECTOR OF ECONOMIC POLICY OF THE C.D. HOWE RESEARCH INSTITUTE (MONTREAL), AS ONE OF THE SPEAKERS AT THE SEMINAR, CALLED FOR A 1 TO 2 PERCENT REDUCTION IN ALL PROVINCIAL SALES TAXES IN EARLY 1977 TO GIVE UP TO 1 1/2 BILLION DOLLARS BACK TO CONSUMERS TO STIMULATE THE ECONOMY AND REDUCE UNEMPLOYMENT. THE CUT IN SALES TAXES WOULD, BY MAXWELL'S CALCULATIONS, OFFSET THE ANTICIPATED OIL PRICE INCREASE, AND BOOST CONSUMER CONFIDENCE, WHILE REDUCING THE RATE OF INCREASE IN THE CONSUMER PRICE INDEX. MAXWELL SAID THAT IF THE CANADIAN ECONOMY IS NOT STIMULATED SOON ECONOMIC PROBLEMS WILL BECOME ENDEMIC, ESPECIALLY IN FACE OF A POTENTIAL WORLDWIDE SLOWDOWN IN ECONOMIC RECOVERY, AND THE SITUATION COULD LEAD TO LATER PANIC MEASURES. SHE IS ALSO CITED AS SAYING THAT "IF THE GROWTH IN REAL GROSS NATIONAL PRODUCT IN THE U.S. SLIPS TO 3.8 PERCENT FROM THE PREDICTED 5.3 PERCENT, CANADA'S REAL GNP WOULD DROP TO ONLY 1.5 PERCENT, INSTEAD OF THE POTENTIAL 4.5 TO

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5 PERCENT".

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